



Los Angeles County AUDIT COMMITTEE

Carl Gallucci, Chair
4th District
Louisa Ollague, Vice-Chair
1st District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Lori Glasgow
5th District

MINUTES
APRIL 16, 2009

Chair Carl Gallucci called the meeting to order at 10:39 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Carl Gallucci, Chair, Fourth District
Louisa Ollague, Vice Chair, First District
Dorinne Jordan, Second District
Genie Chough, Third District
Lori Glasgow, Fifth District

Others in Attendance

Elaine Boyd, Auditor-Controller
Don Chadwick, Auditor-Controller
Jackie Guevarra, Auditor-Controller
John Naimo, Auditor-Controller
DeWitt Roberts, Auditor-Controller
Jim Schneiderman, Auditor-Controller
Judi Thomas, Auditor-Controller
Connie Yee, Auditor-Controller
Frank Cheng, Chief Executive Office
Kary Golden, Chief Executive Office
James Hazlett, Chief Executive Office
Raymond Low, Department of Public Health
Miles Yokota, Department of Public Health
Ignacio Gonzalez, First District
Jim Godsey, Macias, Gini & O'Connell
Maria Granados, Macias, Gini & O'Connell
David Livingston, Macias, Gini & O'Connell
Danior Martin, Macias, Gini & O'Connell
Janice Davis, Board of Supervisors
Lee Millen, Board of Supervisors
Andrew Sevrin, Board of Supervisors

APPROVAL OF MARCH 4, 2009 AND MARCH 19, 2009 MINUTES

On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the minutes of March 4, 2009 and March 19, 2009 were approved as submitted.

Old Business

Review of Board Policy No. 3.050 – Identification Cards (11/07/08): **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee received**

and filed this report.

Board Policy Sunset Review – Policy 5.090 (04/14/08): **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee received and filed this report.**

Department of Public Health Fiscal Review (01/26/09): This item was deferred to the next meeting as a discussion item. **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting as a discussion item.**

H.S. Consortium of the East San Gabriel Valley (dba) LA Works Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (02/18/09): Don Chadwick reminded the Committee of last month's motion to draft a letter of commendation for their services, which Chair Gallucci signed for mailing. **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee received and filed this report.**

Board Policy Review – 4.060: Contract Expenditures Reduction Flexibility (02/23/09): **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee received and filed this report.**

Board Policy Review – 5.050: Contractor's Use of Gain/Grow Participants (02/23/09): Frank Cheng, CEO, advised the Committee that the Board policy draft is to be modified and is a working document. The CEO met with the Department of Public Social Services, Internal Services and County Counsel on mandating contractors to hire Gain/Grow participants. However, participants differ in qualifications and abilities and meeting contractors' needs may be difficult. Also, the option of hiring so many newly laid-off qualified workers looking for employment as opposed to hiring Gain/Grow participants poses a serious challenge.

In response to Genie Chough, Mr. Cheng reported that there is no data showing how many Gain/Grow participants have been hired by contractors; a report is being developed. Further, the CEO will consider hiring participants for Animal Control Department positions, as there is an understaffing of Animal Care Officers. **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.**

Palms Residential Care Facility Report from Auditor-Controller (02/27/09): **On motion of Genie Chough, seconded by Carl Gallucci and unanimously carried, the Committee received and filed this report.**

Reports to be Received and Filed

Chicana Service Action Center, Inc. Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2007-08 (03/17/09): Judi Thomas, Auditor- Controller, reported that the provider was asked to submit a Corrective Action Plan by April 30, 2009. An update will be presented next month. **On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.**

Whittier Rio Hondo AIDS Project Contract – A Department of Public health HIV/AIDS Preventive Care Service Provider – Follow-Up Review (03/17/09): In response to Genie Chough, Ms. Thomas reported that the Office of AIDS Programs and Policy (OAPP) requires this report. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Sunset Review Board Policy 7.030 – Procedures for Development of Legislative Policy and Positions, and Advocacy of County Interests (03/17/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Contract Management Reporting Improvement in eCaps (03/18/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Cash Flow Projection (03/19/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Estimated Living Wage Program Cost For Fiscal Year 2008-09 (03/20/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Hub Cities Consortium Allegation Review (03/24/09): Mr. Chadwick reported that the Hub Cities report covers a nine-month period.

On motion of Carl Gallucci, seconded by Lori Glasgow and unanimously carried, the Committee directed that report period limits be increased from a 9-month period to a 12-month period.

Elaine Boyd, Auditor-Controller, reported that Hub Cities has complied with documentation and repayments upon notification by the Department of Community and Senior Services that they will not receive stimulus fund payments without documented costs. Mr. Chadwick will report back on this issue next month.

On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.

Audit of the Los Angeles County Regional Park and Open Space District for the Year Ended June 30, 2008 (03/27/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Watts Labor Community Action Committee Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (03/30/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Treasurer's November 24, 2008 Cash Count Audit (03/30/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Second Follow-Up Review of County Counsel Litigation Cost Management (03/30/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Fraud Hotline Status Report – July 1, 2008 Through December 31, 2008 (04/09/09): Louisa Ollague requested that the item be held for more thorough review. **On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.**

Board Policy Sunset Review: Overtime Policy (Policy 9.070) (03/31/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Department of Health Services' Community Health Plan Financial Audit for Years Ending June 30, 2006 and 2007 (04/09/09): **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Status Report Number Three – Los Angeles County Office of Education Juvenile Court Schools Funding Utilization (Board Agenda Items 6 and 47-E, October 14, 2008) (04/10/09):

Mr. Chadwick reported that School Services of California (SSC) was hired to compile a report on court school programs from various jurisdictions; however, the draft report lacked analysis and concerns were not addressed. The draft will be revised with a May 15, 2009 extension date; a final draft will be presented to the Board.

In response to Louisa Ollague, Mr. Chadwick noted that the Probation Department is involved in that the children identified in the report are Probation cases, and the Department assisted in drafting the work order and evaluating the two contractors who submitted Request For Proposals. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

PUBLIC COMMENT

There was none.

OTHER BUSINESS

Status – LACOE Juvenile Court Funding Program Review: Genie Chough proposed the contractor redo the funding analysis and report back. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.**

Status – Probation New Roads Contractor Review: **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

Genie Chough acknowledged Judi Thomas as the new Contract Monitoring Manager, Auditor-Controller, and congratulated Maria Oms on her promotion to Deputy Auditor.

Contractors Repayment Guidelines (Discussion): Jim Schneiderman reported that at the previous meeting Lyn Wallensak, Department of Mental Health (DMH), presented on cash advances and their developing system, and how "best practices" is the criteria used to obtain that information. The Auditor-Controller will need additional time to discuss contract repayment guidelines with the DMH.

Don Chadwick noted that the Department of Community and Senior Services will be competing with other County Departments for stimulus funding to hire more contractors. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee continued this item to its May 21, 2009, Audit Committee meeting.**

External Auditor's Reports – Macias Gini & O'Connell: Jim Godsey, Engagement Partner, Macias Gini & O'Connell, reported that his firm completed their financial statements from the County for Fiscal Year 2007-08 and issued an unqualified opinion on the financial statements. An unqualified opinion is in accordance with generally accepted accounting standards, which is the classical form of opinion. In addition, the report was in compliance with governmental auditing controls. Further, they have released the Single Audit Report as a public document.

An additional report was distributed at the meeting which listed required communications under auditing standards that are being made to the Board of Supervisors. David Livingston, Senior Manager, Macias, Gini & O'Connell summarized their findings (copy on file).

A question and answer ensued. In regards to retiree medical benefits, the County is now doing an actuarial evaluation very similar to accounting as opposed to the "Pay As You Go" policy in the past that has recorded payments as expenses. Also, the most sensitive disclosure affecting the financial statements was data of Hospital and Other Program Revenues in Note 13 concerning the financial statements related to the hospital funding resources.

Mr. Godsey mentioned in closing that the IT environment is critical to the County, and its Property Tax System that the Assessor uses is very old and makes accounting very difficult. **On motion of Louisa Ollague, seconded by Carl Gallucci and unanimously carried, the Committee received and filed this report.**

CLOSED SESSION: GOVERNMENT HEALTH CODE SECTION 54956.9

Department of Health Services' Community Health Plan Internal Control Report for Years Ending June 30, 2006 and 2007 (04/09/09): Louisa Ollague requested the report be moved to the health cluster agenda. **On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the Committee received and filed this report.**

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 11:46 a.m.